SUMMARY

Reference is made to the announcement issued by the Company dated 22 October 2021 in relation to certain continuing connected transactions, including the continuing connected transactions under the Engineering Framework Agreement, the IT Services Framework Agreement, the Supplies Procurement Services Framework Agreement and the Property and Land Use Right Leasing Framework Agreement (the “Agreements”) entered into between the Company and China Telecommunications.

The Company has decided to increase the Annual Caps for certain transactions under the Agreements for the two years ending 31 December 2023 and 2024. All other terms and conditions of the Agreements shall remain unchanged and valid.

The Board (including the Independent Non-Executive Directors of the Company) is of the view that the Agreements and the transactions contemplated thereunder have been entered into in the ordinary and usual course of business of the Group, that they are on normal commercial terms or better, and that they have been implemented in accordance with the terms contained therein, and that the terms, as well as the Revised Annual Caps applicable thereto, are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

HONG KONG LISTING RULES IMPLICATIONS

As the applicable percentage ratios (excluding the profits ratio) of the Revised Annual Caps which are applicable to the transactions contemplated under the Agreements are expected to exceed 0.1% but are less than 5%, the Revised Annual Caps are only subject to the reporting, announcement and annual review requirements and are exempt from the independent shareholders’ approval requirement under Chapter 14A of the Hong Kong Listing Rules.
BACKGROUND

Reference is made to the announcement issued by the Company dated 22 October 2021 in relation to certain continuing connected transactions, including the continuing connected transactions under the Engineering Framework Agreement, the IT Services Framework Agreement, the Supplies Procurement Services Framework Agreement and the Property and Land Use Right Leasing Framework Agreement entered into between the Company and China Telecommunications.

ENGINEERING FRAMEWORK AGREEMENT

On 22 October 2021, the Company and China Telecommunications have entered into the Engineering Framework Agreement with a term from 1 January 2022 to 31 December 2024. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new Engineering Framework Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement.

Pursuant to the Engineering Framework Agreement, China Telecommunications and/or its associates provide to the Group services such as engineering design, engineering construction and/or engineering supervision services. The charges payable for such engineering services shall be determined by reference to market rates. Market rates shall mean the rates at which the same or similar type of products or services are provided by independent third parties in the ordinary course of business and on normal commercial terms. When determining whether the transaction price for any transaction under the Engineering Framework Agreement represents market rates, to the extent practicable, management of the Company shall take into account the rates of at least two similar and comparable transactions entered into with or carried out by independent third parties in the ordinary course of business over the corresponding period for reference. According to applicable laws, the charges payable for the design or supervision of engineering projects with a value of over RMB1,000,000 or engineering construction projects with a value of over RMB4,000,000 shall be the tender award price, which is determined in accordance with the “Bidding Law of the PRC” and the “Regulations on the Implementation of the Bidding Law of the PRC” or the final confirmed price in the relevant tender process. In the circumstances there are amended rules or regulations in respect of tender scope and scale of the engineering construction projects promulgated by PRC laws and regulations during the term of agreement, both parties agreed to apply such amended rules and regulations.

In terms of the same service provided under the Engineering Framework Agreement, the Group shall have the priority to use the services provided by China Telecommunications and/or its associates, if the terms and conditions offered by an independent third party to the Group are no better than those offered by China Telecommunications and/or its associates. China Telecommunications and/or its associates undertake to the Group that China Telecommunications and/or its associates will not provide services to the Group which are less favourable than the terms offered by China Telecommunications and/or its associates to a third party. China Telecommunications and/or its associates are entitled to provide relevant services to a third party only if the services provided to the Group under the agreement are not affected. However, if China Telecommunications and/or its associates fail to meet the Group’s demand under the agreement or terms offered by an independent third party are more favourable than those offered by China Telecommunications and/or its associates, the Group is entitled to obtain such service from an independent third party.
IT SERVICES FRAMEWORK AGREEMENT

On 22 October 2021, the Company and China Telecommunications have entered into the IT Services Framework Agreement with a term from 1 January 2022 to 31 December 2024. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new IT Services Framework Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement.

Pursuant to the IT Services Framework Agreement, China Telecommunications and/or its associates and the Group can provide the other party with IT services, such as office automation, software testing, network upgrade, research and development on new businesses and development and upgrade of support systems. Each of the Group and China Telecommunications and/or its associates is entitled to provide services to the other party in accordance with the IT Services Framework Agreement. The charges payable for such services shall be determined by reference to market rates. Market rates shall mean the rates at which the same or similar type of products or services are provided by independent third parties in the ordinary course of business and on normal commercial terms. When determining whether the transaction price for any transaction under the IT Services Framework Agreement represents market rates, to the extent practicable, management of the Company shall take into account the rates of at least two similar and comparable transactions entered into with or carried out by independent third parties in the ordinary course of business over the corresponding period for reference. In the circumstances where the relevant laws or regulations in the PRC specify that the prices and/or the fee standards for particular services to be provided pursuant to such agreement are to be determined by a tender process, the charges payable for such services shall be finally determined in accordance with the “Bidding Law of the PRC” and the “Regulations on the Implementation of the Bidding Law of the PRC” or the relevant tender procedures.

In terms of the same service under the IT Services Framework Agreement, the Group is entitled to accord priority to China Telecommunications and/or its associates to provide such service, if the terms and conditions offered by an independent third party to the Group are no better than those offered by China Telecommunications and/or its associates. China Telecommunications and/or its associates undertake to the Group that China Telecommunications and/or its associates will not provide services to the Group which are less favourable than the terms offered by China Telecommunications and/or its associates to a third party. China Telecommunications and/or its associates are entitled to provide relevant services to a third party only if the services provided to the Group under the agreement are not affected. If China Telecommunications and/or its associates fail to meet the Group’s demand under the agreement or terms offered by an independent third party are more favourable than those offered by China Telecommunications and/or its associates, the Group is entitled to obtain such service from an independent third party. Where the above tender process is applicable, the Group does not accord any priority to China Telecommunications and/or its associates to provide such services, and the tender may be awarded to an independent third party. However, if the terms of an offer from China Telecommunications and/or its associates are at least as favourable as those offered by other tenderers, the Group is entitled to award the tender to China Telecommunications and/or its associates.

SUPPLIES PROCUREMENT SERVICES FRAMEWORK AGREEMENT

On 22 October 2021, the Company and China Telecommunications have entered into the Supplies Procurement Services Framework Agreement with a term from 1 January 2022 to 31 December 2024. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new Supplies Procurement Services Framework Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement.
Pursuant to the Supplies Procurement Services Framework Agreement, China Telecommunications and/or its associates and the Group provide each other with supplies procurement services, including procurement services for imported telecommunications supplies, domestic telecommunications supplies and domestic non-telecommunications supplies, the sale of proprietary telecommunications equipment, resale of third-party equipment, management of tenders, verification of technical specifications, storage and transportation and installation services.

Where the procurement services are provided on an agency basis, the fees shall be paid in commission which shall be calculated at:

(1) not more than 1% of the contract value for the procurement of imported telecommunications supplies; or

(2) not more than 3% of the contract value for the procurement of domestic telecommunications supplies and domestic non-telecommunications supplies.

The services for the provision of supplies procurement other than on an agency basis under the Supplies Procurement Services Framework Agreement are provided at:

(1) market prices, which shall mean the prices at which the same or similar type of products or services are provided by independent third parties in the ordinary course of business and on normal commercial terms. When determining whether the transaction price for any transaction under the Supplies Procurement Services Framework Agreement represents market prices, to the extent practicable, management of the Company shall take into account the prices of at least two similar and comparable transactions entered into with or carried out by independent third parties in the ordinary course of business in the corresponding period for reference;

(2) where there is no or it is not possible to determine the market prices, the prices are to be agreed between the parties based on the reasonable costs incurred in providing the services plus the amount of the relevant taxes and reasonable profit margin. For this purpose, “reasonable profit margin” is to be fairly determined by negotiations between the parties in accordance with the internal policies of the Group. When determining the “reasonable profit margin” for any transaction under the Supplies Procurement Services Framework Agreement, to the extent practicable, management of the Company shall take into account the profit margin of at least two similar and comparable transactions entered into with independent third parties in the corresponding period or the relevant industry profit margin for reference.

In terms of the same service under the Supplies Procurement Services Framework Agreement, the Group is entitled to accord priority to China Telecommunications and/or its associates to provide such service, if the terms and conditions of services offered by China Telecommunications and/or its associates are at least as favourable as those offered by an independent third party to the Group. China Telecommunications and/or its associates undertake to the Group that China Telecommunications and/or its associates will not provide services to the Group which are less favourable than the terms offered by China Telecommunications and/or its associates to a third party. China Telecommunications and/or its associates are entitled to provide relevant services to a third party only if the services provided to the Group under the agreement are not affected. If China Telecommunications and/or its associates fail to meet the Group’s demand under the agreement or terms offered by an independent third party are more favourable than those offered by China Telecommunications and/or its associates, the Group is entitled to obtain such service from an independent third party.
PROPERTY AND LAND USE RIGHT LEASING FRAMEWORK AGREEMENT

On 22 October 2021, the Company and China Telecommunications have entered into the Property and Land Use Right Leasing Framework Agreement with a term from 1 January 2022 to 31 December 2024. Prior to the expiry of the agreement, the parties are entitled to negotiate the signing of a new Property and Land Use Right Leasing Framework Agreement or a supplemental agreement to ensure the normal operation of the production and businesses of both parties after the expiry of the agreement.

Pursuant to the Property and Land Use Right Leasing Framework Agreement, the Group and China Telecommunications and/or its associates can lease properties and/or land use right (the “Leased Properties”) from the other party for conducting business activities according to the laws. The rental charges for the Leased Properties under the Property and Land Use Right Leasing Framework Agreement shall be agreed by both parties according to comparable market rates. Market rates shall mean the rental charges at which the same or similar type of the Leased Properties or adjacent Leased Properties are leased by independent third parties in the ordinary course of business and on normal commercial terms. When determining whether the rental charges for any Leased Property under the Property and Land Use Right Leasing Framework Agreement represents market rates, to the extent practicable, management of the Company shall take into account at least two similar and comparable transactions entered into with or carried out by independent third parties in the ordinary course of business in the corresponding period for reference.

THE REVISED ANNUAL CAPS AND REASONS FOR SETTING THE REVISED ANNUAL CAPS

ENGINEERING FRAMEWORK AGREEMENT

For each of the three years ended 31 December 2022 and ending 31 December 2023 and 2024, the Annual Caps for the transactions under the Engineering Framework Agreement were set at RMB19,000 million.

The Company has decided to increase the Annual Caps for the transactions under the Engineering Framework Agreement for the two years ending 31 December 2023 and 2024 to RMB21,800 million and RMB23,500 million, respectively. All other terms and conditions of the Engineering Framework Agreement shall remain unchanged and valid.

The increase in Annual Caps for the two years ending 31 December 2023 and 2024 in relation to the Engineering Framework Agreement is mainly attributable to the Company’s acceleration in digital information infrastructure construction as a result of the rapid development of the Industrial Digitalisation business. With the focuses on deployment in emerging areas such as 5G and Industrial Digitalisation, the respective capital expenditures will thus increase which drives the growth in demand for engineering design and construction services.

For the year ended 31 December 2022, the amount paid by the Group to China Telecommunications and/or its associates under the Engineering Framework Agreement was approximately RMB16,993 million. From 1 January 2023 to 30 September 2023, the amount paid by the Group to China Telecommunications and/or its associates under the Engineering Framework Agreement was approximately RMB13,081 million. From 1 January 2023 to the date of this announcement, the amount paid by the Group to China Telecommunications and/or its associates under the Engineering Framework Agreement has not exceeded the pre-determined Annual Cap.
When determining the above Revised Annual Caps, the Board has considered: (i) the historical amount paid by the Group to China Telecommunications and/or its associates under the Engineering Framework Agreement for the year of 2022 and from 1 January 2023 to the date of this announcement; (ii) the existing business scale and operations of the Company together with the latest business plans for the years ending 31 December 2023 and 2024; and (iii) the expectation on the Company’s overall business development.

**IT SERVICES FRAMEWORK AGREEMENT**

For each of the three years ended 31 December 2022 and ending 31 December 2023 and 2024, under the IT Services Framework Agreement the Annual Caps for amounts payable by the Group in respect of the IT services received were set at RMB5,300 million, RMB6,200 million and RMB7,500 million, respectively and the Annual Caps for amounts payable by China Telecommunications and/or its associates in respect of the IT services provided by the Group were set at RMB2,100 million, RMB2,800 million and RMB3,900 million, respectively.

The Company has decided to increase the Annual Caps for amount payable by the Group under the IT Services Framework Agreement to RMB8,500 million and RMB10,000 million, respectively, and to increase the Annual Caps for amount payable by China Telecommunications and/or its associates under the IT Services Framework Agreement to RMB6,000 million and RMB7,700 million, respectively, for the two years ending 31 December 2023 and 2024. All other terms and conditions of the IT Services Framework Agreement shall remain unchanged and valid.

The increase in Annual Caps for the two years ending 31 December 2023 and 2024 in relation to the IT Services Framework Agreement is mainly attributable to the expected rapid growth in the Company’s relevant businesses such as Industrial Digitalisation and Smart Family resulting from the rapid development of Industrial Digitalisation business. Thus, the Company will increase investment to build up its core technological capabilities of the businesses such as Industrial Digitalisation and Smart Family, which drives the growth in the respective revenue and expenses of the IT service.

For the year ended 31 December 2022, the amount paid by the Group to China Telecommunications and/or its associates under the IT Services Framework Agreement was approximately RMB4,834 million, and the amount paid by China Telecommunications and/or its associates to the Group under the IT Services Framework Agreement was approximately RMB1,944 million. From 1 January 2023 to 30 September 2023, the amount paid by the Group to China Telecommunications and/or its associates under the IT Services Framework Agreement was approximately RMB3,980 million, and the amount paid by China Telecommunications and/or its associates to the Group under the IT Services Framework Agreement was approximately RMB1,768 million. From 1 January 2023 to the date of this announcement, the amount paid by the Group to China Telecommunications and/or its associates and the amount paid by China Telecommunications and/or its associates to the Group under the IT Services Framework Agreement have not exceeded the pre-determined Annual Caps.

When determining the above Revised Annual Caps, the Board has considered: (i) the historical amount paid by the Group to China Telecommunications and/or its associates and paid by China Telecommunications and/or its associates to the Group under the IT Services Framework Agreement for the year of 2022 and from 1 January 2023 to the date of this announcement; (ii) the existing business scale and operations of the Company together with the latest business plans for the years ending 31 December 2023 and 2024; and (iii) the expectation on the Company’s overall business development.
SUPPLIES PROCUREMENT SERVICES FRAMEWORK AGREEMENT

For the three years ended 31 December 2022 and ending 31 December 2023 and 2024, the Annual Caps for amount payable by the Group for the supplies procurement services provided by China Telecommunications and/or its associates under the Supplies Procurement Services Framework Agreement were set at RMB5,000 million, RMB5,250 million and RMB5,500 million, respectively.

The Company has decided to increase the Annual Caps for amount payable by the Group for the years ending 31 December 2023 and 2024 under the Supplies Procurement Services Framework Agreement to RMB5,800 million and RMB6,100 million, respectively. All other terms and conditions of the Supplies Procurement Services Framework Agreement shall remain unchanged and valid.

The increase in Annual Caps for amount payable by the Group for the years ending 31 December 2023 and 2024 under the Supplies Procurement Services Framework Agreement is mainly attributable to the rapid development of the Industrial Digitalisation business. It is expected that the demand for engineering materials and equipments involved in the Company’s construction of digital information infrastructure and Industrial Digitalisation projects will correspondingly increase, which drives the expected increase in the amount of supplies procurement payable by the Group to China Telecommunications and/or its associates.

For the year ended 31 December 2022, the amount paid by the Group to China Telecommunications and/or its associates under the Supplies Procurement Services Framework Agreement was approximately RMB4,249 million. From 1 January 2023 to 30 September 2023, the amount paid by the Group to China Telecommunications and/or its associates under the Supplies Procurement Services Framework Agreement was approximately RMB2,643 million. From 1 January 2023 to the date of this announcement, the amount paid by the Group to China Telecommunications and/or its associates under the Supplies Procurement Services Framework Agreement has not exceeded the predetermined Annual Cap.

When determining the above Revised Annual Caps, the Board has considered: (i) the historical amount paid by the Group to China Telecommunications and/or its associates under the Supplies Procurement Services Framework Agreement for the year of 2022 and from 1 January 2023 to the date of this announcement; (ii) the existing business scale and operations of the Company together with the latest business plans for the years ending 31 December 2023 and 2024; and (iii) the expectation on the Company’s overall business development.
PROPERTY AND LAND USE RIGHT LEASING FRAMEWORK AGREEMENT

For the three years ended 31 December 2022 and ending 31 December 2023 and 2024, under the Property and Land Use Right Leasing Framework Agreement the Annual Caps for total value of right-of-use assets (for those leases of which the lease term exceeds 12 months) and interest of lease liabilities involved in the properties leased by the Group were set at RMB520 million, RMB550 million and RMB600 million, respectively and the Annual Caps for total value of other payments (including rent for those leases of which the lease term is no more than 12 months) involved in the properties leased by the Group were set at RMB760 million, RMB800 million and RMB860 million, respectively.

The Company has decided to increase the Annual Caps under the Property and Land Use Right Leasing Framework Agreement for the two years ending 31 December 2023 and 2024 for total value of right-of-use assets (for those leases of which the lease term exceeds 12 months) and interest of lease liabilities involved in the properties leased by the Group to RMB800 million and RMB1,000 million, respectively and to increase the Annual Caps for total value of other payments (including rent for those leases of which the lease term is no more than 12 months) involved in the properties leased by the Group to RMB1,000 million and RMB1,150 million, respectively. All other terms and conditions of the Property and Land Use Right Leasing Framework Agreement shall remain unchanged and valid.

The increase in Annual Caps for the two years ending 31 December 2023 and 2024 in relation to the Property and Land Use Right Leasing Framework Agreement is mainly attributable to the rapid development of Industrial Digitalisation business and the Company’s accelerated construction of digital information infrastructure. With an expected corresponding increase in rental space, the amount of property and land use right lease payable by the Group to China Telecommunications and/or its associates will increase.

For the year ended 31 December 2022, under the Property and Land Use Right Leasing Framework Agreement the amount of total value of right-of-use assets (for those leases of which the lease term exceeds 12 months) and interest of lease liabilities involved in the properties leased by the Group was approximately RMB484 million and the amount of total value of other payments (including rent for those leases of which the lease term is no more than 12 months) involved in the properties leased by the Group was approximately RMB715 million. From 1 January 2023 to 30 September 2023, under the Property and Land Use Right Leasing Framework Agreement the amount of total value of right-of-use assets (for those leases of which the lease term exceeds 12 months) and interest of lease liabilities involved in the properties leased by the Group was approximately RMB365 million and the amount of total value of other payments (including rent for those leases of which the lease term is no more than 12 months) involved in the properties leased by the Group was approximately RMB563 million. From 1 January 2023 to the date of this announcement, the amount of total value of right-of-use assets (for those leases of which the lease term exceeds 12 months) and interest of lease liabilities involved in the properties leased by the Group and the amount of total value of other payments (including rent for those leases of which the lease term is no more than 12 months) involved in the properties leased by the Group under the Property and Land Use Right Leasing Framework Agreement have not exceeded the pre-determined Annual Caps.
When determining the above Revised Annual Caps, the Board has considered: (i) the historical amount of the total value of right-of-use assets (for those leases of which the lease term exceeds 12 months) and interest of lease liabilities involved in the properties leased by the Group and the amount of total value of other payments (including rent for those leases of which the lease term is no more than 12 months) involved in the properties leased by the Group under the Property and Land Use Right Leasing Framework Agreement for the year of 2022 and from 1 January 2023 to the date of this announcement; (ii) the existing business scale and operations of the Company together with the latest business plans for the years ending 31 December 2023 and 2024; and (iii) the expectation on the Company’s overall business development.

CONNECTION BETWEEN THE PARTIES AND HONG KONG LISTING RULES IMPLICATIONS

As of the date of this announcement, China Telecommunications is the Company’s controlling shareholder and holds approximately 63.90% of the issued share capital of the Company. Accordingly, pursuant to Chapter 14A of the Hong Kong Listing Rules, China Telecommunications is a connected person of the Company and the transactions contemplated under the Agreements constitute continuing connected transactions of the Company.

As the applicable percentage ratios (excluding the profits ratio) of the Revised Annual Caps which are applicable to the transactions contemplated under the Agreements are expected to exceed 0.1% but are less than 5%, the Revised Annual Caps are only subject to the reporting, announcement and annual review requirements and are exempt from the independent shareholders’ approval requirement under Chapter 14A of the Hong Kong Listing Rules.

BOARD OPINION

The Board has passed resolution to approve, among others, the Revised Annual Caps in respect of transactions contemplated under the Agreements. Save for Mr. Ke Ruiwen who also serves as the Chairman of China Telecommunications, Mr. Shao Guanglu who also serves as a Director and the President of China Telecommunications, Mr. Liu Guiqing who also serves as a Director of China Telecommunications, Mr. Tang Ke, Mr. Xia Bing and Mr. Li Jun who also serve as Vice Presidents of China Telecommunications and Mr. Li Yinghui who also serves as the Chief Accountant of China Telecommunications, and have therefore abstained from voting on the relevant board resolution in respect of, among others, the Revised Annual Caps of the Agreements, none of the Directors had a material interest in the transactions in relation to the Revised Annual Caps and no Director was required to abstain from voting on the relevant board resolution to approve the Revised Annual Caps.

The Board (including the Independent Non-Executive Directors of the Company) is of the view that the Agreements and the transactions contemplated thereunder have been entered into in the ordinary and usual course of business of the Group, that they are on normal commercial terms or better, and that they have been implemented in accordance with the terms contained therein, and that the terms, as well as the Revised Annual Caps applicable thereto, are fair and reasonable and are in the interests of the Company and its shareholders as a whole.
GENERAL INFORMATION

The Company is an integrated intelligent information services operator whose principal business is the provision of fundamental telecommunications businesses including wireline and mobile communications services, value-added telecommunications businesses such as Internet access services, information services and other related businesses.

China Telecommunications is a state-owned enterprise, and its principal business is integrated information services including mobile communications, Internet access and applications, wireline communications, satellite communications and ICT integration.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

"Agreements" the Engineering Framework Agreement, the IT Services Framework Agreement, the Supplies Procurement Services Framework Agreement and the Property and Land Use Right Leasing Framework Agreement

"Annual Caps" the maximum aggregate annual values

"associate" has the meaning ascribed to it in the Hong Kong Listing Rules

"Board" the board of Directors of the Company

"China Telecommunications" China Telecommunications Corporation (中國電信集團有限公司), a state-owned enterprise established under the laws of the PRC on 17 May 2000 and the controlling shareholder of the Company. Its principal business is integrated information services including mobile communications, Internet access and application, wireline communications, satellite communications and ICT integration.

"Company" China Telecom Corporation Limited (中國電信股份有限公司), a joint stock limited company incorporated in the PRC with limited liability on 10 September 2002, with its H shares and A shares listed on the Stock Exchange and the Shanghai Stock Exchange, respectively and whose principal business is the provision of fundamental telecommunications businesses including wireline and mobile communications services, value-added telecommunications businesses such as Internet access services, information services and other related businesses

"connected person" has the meaning ascribed to it in the Hong Kong Listing Rules

"controlling shareholder" has the meaning ascribed to it in the Hong Kong Listing Rules
"Directors" the directors of the Company

“Engineering Framework Agreement” the Engineering Framework Agreement entered into between the Company and China Telecommunications on 22 October 2021 with its term from 1 January 2022 to 31 December 2024

"Group" the Company, together with all of its subsidiaries

"Hong Kong" Hong Kong Special Administrative Region of the PRC

"Hong Kong Listing Rules" the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Independent Shareholders” shareholders of the Company other than China Telecommunications and its associates

“independent third party” an entity which is independent of and not connected to the Company or its connected persons, and which is not a connected person of the Company

“IT Services Framework Agreement” the IT Services Framework Agreement entered into between the Company and China Telecommunications on 22 October 2021 with its term from 1 January 2022 to 31 December 2024

"PRC" the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region, and Taiwan)

“Property and Land Use Right Leasing Framework Agreement” the Property and Land Use Right Leasing Framework Agreement entered into between the Company and China Telecommunications on 22 October 2021 with its term from 1 January 2022 to 31 December 2024

"Revised Annual Caps" the revised annual caps of the Agreements for the two years ending 31 December 2023 and 2024: (i) the Engineering Framework Agreement, (ii) the IT Services Framework Agreement, (iii) the amount payable by the Group under the Supplies Procurement Services Framework Agreement and (iv) the Property and Land Use Right Leasing Framework Agreement (involved in the total value of right-of-use assets and interest of lease liabilities and other payments for the properties leased by the Group)

"RMB" Renminbi, the lawful currency of the PRC

"Stock Exchange" The Stock Exchange of Hong Kong Limited

“Supplies Procurement Services Framework Agreement” the Supplies Procurement Services Framework Agreement entered into between the Company and China Telecommunications on 22 October 2021 with its term from 1 January 2022 to 31 December 2024
FORWARD-LOOKING STATEMENTS

Forward-looking statements included in this announcement in relation to development strategies, future operation plans, outlook, etc. do not constitute a commitment to investors by the Company. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of the Company to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements. In addition, the Company does not intend to update these forward-looking statements. Investors are advised to pay attention to the investment risks.

As at the date of this announcement, the Board of Directors of the Company consists of Mr. Ke Ruiwen (as the Chairman and Chief Executive Officer); Mr. Shao Guanglu (as the President and Chief Operating Officer); Mr. Liu Guiqing, Mr. Tang Ke, Mr. Xia Bing and Mr. Li Yinghui (as the Chief Financial Officer) (all as the Executive Vice Presidents); Mr. Li Jun; Mr. Chen Shengguang (as the Non-Executive Director); Mr. Ng, Kar Ling Johnny, Mr. Yeung Chi Wai, Jason, Mr. Chen Dongqi and Madam Lyu Wei (all as the Independent Non-Executive Directors).